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The New Partnership for Africa's Development: progress in implementation and international support

# The New Partnership for Africa's Development: fourth consolidated report on progress in implementation and international support

## Report of the Secretary-General

*Summary*

The present report coincides with the fifth anniversary of the adoption of the New Partnership for Africa's Development (NEPAD) by African leaders. The progress made in 2005 both in terms of the regional efforts to implement NEPAD and in the commitments by the international community in support of Africa has provided a basis for speaking of a new momentum of action for Africa's development. The major task that lies ahead is to consolidate that momentum by delivering on commitments. The main stakeholders have to contribute to that effort. On the African side, this would entail Governments taking steps to address a range of institutional and partnership issues, including integrating NEPAD into African Union structures and processes, providing greater support for the private sector and promoting more outreach to civil society. For their part, Africa's development partners should undertake timely and effective delivery of their pledges. The encouraging progress on debt write-off should be matched by corresponding effort to achieve the targets for official development assistance to Africa, to support the diversification of Africa's economic and export structures and to improve market access for African exports and to strengthen Africa's participation in world trade. The United Nations system can enhance its contribution to Africa's development by improving the coordination of its work in support of NEPAD and by enhancing collaboration between the entities of the United Nations system and the African Union Commission, including its NEPAD programme.

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# I. Introduction

1. In resolution 60/222, the General Assembly requested that the Secretary-General submit a comprehensive report on the progress on the implementation of and international support for the New Partnership for Africa's Development (NEPAD) on the basis of inputs from Governments, elements of the United Nations system and other stakeholders in NEPAD. The present report responds to that request.

2. The progress made in the last 12 months, both in terms of the regional efforts to implement NEPAD and in the commitments made by the international community, has provided a basis for speaking about a new momentum for Africa's development. This report aims to highlight the significant developments in the past year. In doing so, the report has drawn on the information and data provided by Member States, regional organizations, the NEPAD secretariat and entities of the United Nations system. Information on the supportive actions by the private sector and civil society has been integrated into various parts of the report.

3. The present report has also benefited from the second report of the Secretary-General's Advisory Panel on International Support for NEPAD, entitled "From commitments to results: moving forward NEPAD implementation" (see A/61/138). The panel underlined the urgent need for African leaders to develop an appropriate and technically coherent framework to address the institutional relationship between the African Union Commission and the NEPAD secretariat and for the creation of mechanisms for multi-stakeholder consultations to enable Governments to involve the private sector and civil society participation in NEPAD's implementation. The Secretary-General endorses this proposal as well as the panel's view that the major task that lies ahead is to build on the current momentum by translating the commitments into concrete results. The Secretary-General also welcomes the panel's finding concerning assurance of continuing support for Africa given by the development partner, Governments and institutions and the panel's view that in spite of the progress made so far, there can be no room for complacency, as that would threaten the momentum.

# II. Actions by African countries and organizations

4. On the occasion of its fifth anniversary, it is worth recalling that NEPAD is "a pledge by African leaders, based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on the path of sustainable growth and development".[1] But NEPAD is more than a pledge. It represents a paradigm shift in the way that African Governments and peoples conceive their development strategy. A central part of that strategy is a selected set of priorities vital for jump-starting and sustaining growth and development.

## A. Infrastructure

5. The programme on infrastructure continues to be pursued on two tracks: implementation of the short-term action plan for infrastructure development and development of the medium- to long-term strategic framework.

6. Regarding the short-term action plan, while African countries take the lead as owners of the programmes and projects in national contexts, the regional economic communities serve as coordinators and implementing agencies for regional projects, the African Development Bank and other bilateral and multilateral agencies provide funding. The Bank has funded 25 projects/programmes worth $630 million in the period 2002-2005, mobilized co-financing worth $1.6 billion and has funding in the pipeline for 2006 worth $472 million. The multi-donor NEPAD Infrastructure Project Preparation Facility at the Bank has provided funding for the preparation of six regional projects, namely, the Kenya-Uganda oil pipeline; Benin-Togo-Ghana power interconnection project; Zambia-Tanzania-Kenya electricity interconnection project; COMTEL project; East African Submarine Fiber Optic Cable System and *Organisation pour la mise en valeur du fleuve Gambie* electricity interconnection project.

7. As part of the effort to mobilize resources for the implementation of the infrastructure programme, an Infrastructure Consortium for Africa has been established, with its secretariat located at the African Development Bank headquarters. Through the Consortium, funding has been secured for 10 regional projects worth $700 million and 34 country projects estimated at $2 billion.

8. The development of the Inga power resources is vital to increasing the electricity generation under the NEPAD infrastructure programme. In pursuit of this effort, the Government of the Democratic Republic of the Congo, with support of the African Development Bank and NEPAD secretariat, held a round-table discussion in April 2006 on the development of the Inga sites to bring together all relevant major stakeholders, update them on the sensitive issues surrounding the Inga site and formulate a road map towards financing its development. Another international round-table workshop is planned for the end of July 2006 with the objective of attracting potential investors and donors to finance the necessary studies.

9. The Transboundary Water Resources Management Programme focuses on developing transboundary water resources management and development action plans initially at 10 river basins in Africa. The selected river basins are the Niger, Senegal, Nile, the Congo, Lake Chad, Zambezi, Okavango, Lake Victoria-Kagera, Orange/Senqu and Volta river basins. An agreement was reached to establish the Volta River Basin Organization. This process is supported under the European Union Water Initiative. The secretariat for the operationalization of the African Energy Commission (AFREC) has been established and hosted by the Algerian Government. The convention has not yet reached the adequate number of ratifications to be in force but the process of ratifications is under way in member States and is close to completion. The secretariat is already in the process of establishing the Ministerial Board and the Technical Advisory Bodies.

10. In the transport sector, the NEPAD secretariat launched the NEPAD Spatial Development Program in March 2006. The Program is aimed at the sustainable provision of integrated transport (along transport corridors, across roads, railways, ports) and other infrastructure systems (energy, water, etc.) that are linked to potential economic nodes or areas for a given country or subregion of the continent. It complements and strengthens the NEPAD transport infrastructure programme in the short-term action plan as well as other NEPAD infrastructure programmes in energy, water and information and communication technologies. In addition, the



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Uganda-Kenya Railways concession is in progress and the feasibility study of concessioning the Tanzania Railway Corporation is also under way.

11. The terms of reference for the study to develop the medium- to long-term strategic framework have been finalized. The NEPAD secretariat, with the assistance of the African Development Bank, has completed the process of recruiting consultants who will undertake the medium- to long-term strategic framework study. Funding for the study has been secured from the African Development Bank and the Nigerian Technical Fund managed by the Bank.

## B. Information and communication technologies

12. Over the last 12 months, the e-Africa Commission has focused its efforts on three major components of the e-Schools initiative (the NEPAD e-Schools Demonstration Project, the NEPAD e-Schools Business Plan and the NEPAD e-Schools Satellite Network) and the broadband information and communication technologies network. Signing of the memorandum of understanding of the NEPAD e-Schools Initiative is proceeding steadily. In particular, since January 2006, six African countries have signed the memorandum of understanding, namely: Mozambique, in January 2006; Egypt and Mauritius, in February 2006; Nigeria and Mali, in March 2006; and Burkina Faso, in May 2006. This brings the total number of countries involved in the NEPAD e-Schools programme to 13. During the coming months, efforts will be made to encompass all 20 countries into the first phase of the programme.

13. An innovative public-private partnership drives the NEPAD e-Schools Demonstration Project and ensures its most effective implementation. Five consortia, led by Microsoft, Hewlett-Packard, Oracle, Cisco and Advanced Micro Devices, are expected to have completed deploying equipment, content, connectivity and training in the 120 secondary schools participating in the Demonstration Project by December 2006. Six secondary-level schools were selected to participate in the Demonstration Project in the first-phase countries participating in the NEPAD project. To date, four countries (Uganda, Ghana, Lesotho and Kenya) have held official launches. The NEPAD e-Schools Business Plan outlines the funding and other resource requirements as well as critical elements, inputs and processes that would form the basis for the implementation of the Project. With funding from the South African Government, the Commission has engaged Ernst and Young to develop the business plan for the NEPAD e-Schools Initiative, to be ready by November 2006.

14. Given the relatively poor state of connectivity on the African continent, studies are being conducted on the establishment of a satellite network that will connect all NEPAD e-Schools to the Internet. Through funding from the Swiss Agency for Development and Cooperation, a consultant has been appointed to define and provide a preliminary design and architecture of the NEPAD e-Schools satellite network. The final report of this preliminary study is expected at the end of August 2006. The East African Submarine System optic fibre cable project, estimated to cost $280 million, is expected to be ready for commercial service by 2008. To date, there are 29 memorandum of understanding signatory companies for the development of the East African Submarine System submarine cable. Construction of the cable has been delayed due to complex negotiations involving ownership,

financing and governance structures. Crucial meetings are planned, to bring together investing companies, Governments and development finance institutions aimed, to address these issues and meet the target date for the project's deployment.

15. At the request of the e-Africa Commission, several Governments in Eastern and Southern Africa have contributed the expertise of their policymakers and regulators in order to support the Commission in its endeavours to develop a policy framework under which the broadband information and communication technologies infrastructure network can be developed and implemented. To this end, a meeting of ministers responsible for information and communication technologies in eastern and southern Africa was held in Johannesburg, South Africa, in June 2006.

## C. Health

16. The past year has witnessed the continuation of efforts aimed at strengthening health systems in Africa and, in particular, addressing the "human resources for health" crisis. This effort has benefited from collaboration between NEPAD and the World Health Organization (WHO) at WHO headquarters in Geneva and the WHO Regional Office for Africa. This partnership effort has seen the launch of the Global Health Workforce Alliance. Among many activities was a conference co-hosted by the WHO Regional Office for Africa and African Consultation on the theme "Human Resources for Health", which led to the establishment of the African platform of the Global Health Workforce Alliance. NEPAD has also partnered with WHO in the development of the "Treat, train and retain" initiative, which brings together efforts on the AIDS and health system challenges. NEPAD has been invited to participate in a number of key policy and strategy meetings, including the series of High-level forums on the Millennium Development Goals on health, the WHO Partnership Forum and the Montreux consultation on health systems. Collaboration with the Joint United Nations Programme on HIV/AIDS, in particular its office for Southern and East Africa, has continued, in particular in the field of mainstreaming, political support and engagement and monitoring and evaluation.

## D. Education

17. There continues to be reasonable progress in advancing various projects at different implementation stages. To ensure the timely and effective implementation of NEPAD education projects, the NEPAD secretariat is consulting with various partners and focusing on resource mobilization efforts for the projects. For the "Basic education and Education for all" project, efforts include mobilizing financing for the planned NEPAD conference for the Southern Africa Development Community (SADC) region on basic education and for a joint NEPAD-United Nations Educational, Scientific and Cultural Organization (UNESCO) priority programme for primary/basic education in Africa. With respect to the "Building capacity in education, research and development in Africa" project, the focus is on implementing the proposal to develop a database of research and development projects for secondary schools in Africa. For the "Gender equality in primary and secondary schools in Africa" project, a scheme aiming to mainstream a gender-responsive pedagogy in the school systems in sub-Saharan Africa is under way. The project will be implemented in partnership with the Forum for African Women Educationalists. For the "School feeding and nutritional" project, the NEPAD

secretariat is in negotiations on the implementation of a school feeding and nutritional project involving NEPAD and three countries (Angola, Democratic Republic of the Congo and Mozambique).

18. For the "Distance education and teacher training and development" project, with the collaboration of the University of South Africa, African Virtual University, Commonwealth of Learning and National Open University of Nigeria, the NEPAD secretariat has finalized reports of baseline studies in Angola and Mozambique. Five member countries of the Economic Community of West African States (ECOWAS), (Benin, Burkina Faso, Ghana, Nigeria and Senegal) are expected to participate in the project. Preparations are under way to involve five countries in the Economic Community of Central African States (ECCAS). For the "Education in post-conflict environments: mathematics, science and technology education for teachers" project, the NEPAD secretariat and the Strengthening of Mathematics and Science Education in Secondary Education in Western, Eastern, Central and Southern Africa association are planning missions to work out implementation modalities in five post-conflict countries (Angola, the Democratic Republic of the Congo, Mozambique, Rwanda and Sudan). For the "Mathematics, science and technology" project, the Centre for Mathematics, Science and Technology Education in Africa has been launched as a flagship project of NEPAD. Teachers from more than 20 African countries have undergone training at the Centre.

## E. Environment

19. Significant steps were taken towards the implementation of the NEPAD Environment Initiative. The revised draft of the NEPAD subregional environment action plans is now ready for ministerial adoption in the respective subregions. Three priority projects per subregion have been identified during the eleventh session of the African Ministerial Conference on the Environment, held in Brazzaville in May 2006. The NEPAD secretariat and the Development Bank of Southern Africa are finalizing an agreement on the development of a joint capacity-building programme to accelerate the implementation of the NEPAD Environment Action Plan in five subregional African economic communities. The main areas of support proposed under the agreement are information-sharing, publication and dissemination; project funding; and teaching and training. This joint programme comes as an additional support to the current United Nations Environment Programme (UNEP)/Global Economic Facility Capacity-Building Programme that is funding the development of the subregional environment action plans and has already begun a training programme on priority and emerging environmental issues that affect socio-economic and sustainable development.

20. The implementation of the Africa Stockpiles Programme — one of the priority projects of the NEPAD Environment Initiative Action Plan — has taken centre stage, with the NEPAD secretariat being in charge of its coordination unit and a confirmed strategic partner in the core implementation. Through the support of the World Bank, the Food and Agriculture Organization of the United Nations (FAO) and CropLife International, among other partners, South Africa and Tunisia have signed on to the project and have already begun its implementation, while Ethiopia, Mali, Morocco, Nigeria and the United Republic of Tanzania are due to begin implementation in the second half of 2006.

## F. Agriculture

21. The implementation of the Comprehensive African Agriculture Development Programme framework at both country and regional economic community levels is making good progress. The focus has been on promoting food security and enhancing agricultural production through sustainable land management, increasing the food supply, improving and enhancing nutrition and enhancing research and the flow of technologies in Africa. A coalition of bilateral and multilateral institutions, including United Nations agencies, has been brought together to support the implementation of the sustainable land management component. A planning process to mobilize 50 per cent of the new resources under the Global Environment Facility for Africa is in advanced stages. Judging from the level of the last replenishment of the Global Environment Facility resources, this effort is likely to generate $100 to $200 million over a four-year period. About $1.5 million have been mobilized, including the support to the NEPAD secretariat.

22. As a result of the World Bank's launch of the preparatory programme for the Multi-country Agricultural Productivity Programme in three regional economic commissions (SADC, ECOWAS and ECCAS) in October 2005, SADC signed an agreement of $1 million to begin the process of project preparation. The Forum for Agricultural Research in Africa has, in consultation with stakeholders, developed the Framework for African Agricultural Productivity. The Framework and related research and technology programmes led by the Forum mobilized $13 million in 2006. The level of funding for these programmes is projected to reach nearly $50 million by 2010. At the regional and country levels, $50 million have been mobilized for the SADC region and a process is ongoing to prepare a similar programme for West and Central Africa.

23. Two programmes have been undertaken to promote agribusiness operators in the Common Market for Eastern and Southern Africa (COMESA) and ECOWAS regions. Discussions are in progress with leading chambers of commerce and industry in Africa and global agribusiness organizations to initiate complementary efforts to facilitate business alliances and public-private sector partnerships. Similar contacts are being initiated with leading regional agribusiness associations and regional farmers' organizations across Africa. ECOWAS and COMESA are in the middle of the process of finalizing the implementation of the action plan of the regional Comprehensive African Agriculture Development Programme compacts, which include: (a) investment frameworks for each of the pillars, (b) a set of regional early action programmes, and (c) mechanisms for coordination and peer review. The plan is to finalize and submit the compacts for the adoption by their respective organs by fall 2006.

24. A regional water management and food security programme, worth $150 million, is in advanced stages of preparation in 10 countries of the SADC region: Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, the United Republic of Tanzania, Zambia and Zimbabwe. The proposed activities include investment in better management of river basin water resources; investment in basic strategic public infrastructure for water control, including promotion of private sector irrigation; investment in small-scale water management, including rainfall-harvesting and drip irrigation; and establishment of partnerships with farmer organizations and local administrations to manage access to and use of farm land. Significant resources are already being spent in these countries to prepare for the

implementation of the programme. Efforts are also under way to include irrigation infrastructure into the Infrastructure Consortium for Africa, the International Water Facility and the Rural Water Supply and Sanitation Initiative.

25. The high-level summit on fertilizers in Africa was held in Abuja in June 2006. The objective of the summit was to make fertilizer available and economically accessible to farmers, with the objective of stimulating the "African green revolution". The summit produced a 12-point resolution, defining plans and strategies for promoting an increased and effective use of fertilizers in Africa. One of the recommendations was that the level of use of fertilizer should be increased from the current average of 8 kilograms (kg) per hectare to an average of at least 50 kg per hectare by the year 2015.

## G. Science and technology

26. The NEPAD secretariat has prepared a comprehensive data set of indicators in the field of science, technology and innovation that are designed to guide countries in the preparation of national science and technology strategies and plans. For the African Biosciences Initiative, regional networks have been established in all regions of the continent. The biosciences network for Southern Africa has been established with the regional hub hosted by the Council for Scientific and Industrial Research in South Africa. The activities of the network will involve research and development in human health, animal health/production, industrial and mining bio-processing, environmental remediation and plant/crop biotechnology.

27. In addition, the International Livestock Research Institute in Nairobi serves as a home for the biosciences hub for the Biosciences east and central Africa. Progress has been made in improving infrastructure at the hub. Possible nodes to the hub that are being considered are Makerere University in Uganda and the Kigali Institute of Science and Technology in Rwanda. The Agricultural Research Institute of Senegal is hosting the regional hub for the West African biosciences network. The network will concentrate on research and development in agriculture based on priority areas identified by the region. In addition, the National Research Centre of Egypt is hosting the North African biosciences network with the Technopark of Borji Cedria of Tunisia, the Biotechnology Research Centre of the Libyan Arab Jamahiriya, Mentouri University of Algeria and University of N'Djamena of Chad serving as nodes.

28. For the African water sciences and technology network, an amount of 150,000 Euro (€) has been mobilized for the design of a programme on research and technology for a network of centres of excellence in water science and technology. The network is scheduled to be launched in 2006. In the area of modern biotechnology, a panel of 14 eminent African scientists and policy analysts was summoned by the NEPAD secretariat and the African Union Commission to prepare a comprehensive common African policy position on the development and use of genetically modified crops and other products of modern biotechnology. The panel held its first meeting in early August 2005. It has identified specific issues that require a common African approach, particularly in those areas pertaining to the transboundary movement of genetically modified products and their impact on African economies.

29. The Second African Ministerial Conference on Science and Technology was held in Dakar in September 2005. It adopted Africa's Science and Technology Consolidated Plan of Action and agreed to create an African Science and Innovation Facility as a financing mechanism for the implementation of the Plan of Action. An indicative budget of $160 million has also been adopted with the aim to increase the facility to $15 billion.

## H. Gender mainstreaming and civil society involvement

30. The main institutional mechanisms for strengthening gender mainstreaming and deepening civil society involvement were established in 2005. These are the Gender and Civil Society Organizations Unit at the NEPAD secretariat, the Gender Task Force and the NEPAD-civil society think tank. A three-year comprehensive strategic plan was developed as a guide to action on gender mainstreaming.

31. The NEPAD Gender Task Force participated in several regional and international conferences during the past year. More importantly, it convened four thematic teams to participate in needs assessment efforts requested by national and regional institutions. These included the democracy and governance team (to provide technical services to the Committee on Gender of the Pan-African Parliament) and the African Peer Review Mechanism (APRM) team (to provide gender expertise and build capacity on gender perspectives of APRM for relevant stakeholders and women civil society organizations under the auspices of the Commission on the Status of Women during the chairmanship of South Africa). Two other teams were formed to support the economic, trade, and tourism clusters for the African Union expert meeting in Arusha, United Republic of Tanzania, to prepare for the World Trade Organization ministerial meeting in Hong Kong, China, and the peace and security clusters for ECOWAS.

## I. African Peer Review Mechanism

32. Twenty-five countries have so far acceded to APRM: Angola, Algeria, Benin, Burkina Faso, Cameroon, Republic of Congo, Egypt, Ethiopia, Gabon, Ghana, Kenya, Lesotho, Mali, Malawi, Mauritius, Mozambique, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Sudan, United Republic of Tanzania, Uganda and Zambia.

33. Support missions aimed at evaluating the preparedness and national capacity for self-assessment and for preparing national action plans took place in five countries in 2005: Uganda (February), Nigeria (March), Algeria (July), South Africa (November), and Benin (November). Since January 2006, support missions have been sent to Burkina Faso, Lesotho, Mali, Sierra Leone and the United Republic of Tanzania. South Africa has completed its self-assessment and the African Peer Review panel undertook a review mission to that country in July 2006. This will pave the way for the country review report of South Africa to be submitted to the African Peer Review Forum — the highest organ of the APRM process that brings together the Heads of State and Government of the participating member countries. So far three countries — Ghana, Rwanda and Kenya — have completed the peer review process. Their country review reports have been considered by the African Peer Review Forum.

34. While the APRM review reports differ in their main findings in each of the three countries that have completed the peer review, they nonetheless point out governance challenges that are common among the countries. Notably, these include the need to deepen democracy through yielding more space for organized political activity, promoting justice and human rights, reforming land ownership and tenure policies, increasing efforts at combating corruption, empowering women, managing diversity, and reducing inequality and poverty among their citizens.

35. At the same time, the commitment of African countries to APRM has been amplified by several recent trends and developments in the region. First, some countries are adopting policy measures to strengthen accountability and transparency in their countries, for example, by drawing citizen's charters for their public services, by developing equal opportunity acts, and by drafting legislation on freedom of information acts. Mauritius has initiated action on all three measures.

36. Moreover, the convening of the sixth African Governance Forum on the theme "Implementing the APRM: opportunities and challenges", held in Kigali in May 2006, has offered impetus to the APRM. The Forum is not part of the governance structure of APRM but is an important vehicle for sharing experiences on governance issues in Africa. Several key messages emerged from the Forum, which will have a positive impact on the evolution of APRM: (a) in order to facilitate a speedy implementation of the APRM, its processes, instruments and institutional arrangements need to be constantly adjusted, strengthened and simplified, taking into account local conditions and innovations; (b) APRM commitments need to be mainstreamed into African countries' development plans and strategies; and (c) mutual learning through advocacy and awareness-building are central to the successful implementation of APRM.

37. The completion of the peer review by some countries and the efforts at preparing national self-assessment and programmes of action by others represent a strong reaffirmation of the commitment by African Governments to advance this critical component of the NEPAD agenda.

# III. Response of the international community

## A. Building on the momentum of international support for Africa's development

38. One year after much support was promised to Africa through commitments made by Africa's development partners in various forums in 2005, the focus of attention has shifted to how those commitments are being delivered. There is much recognition that only through a timely and effective delivery of the pledges already made, beginning in 2006 and continuing in subsequent years, can the momentum of international support for Africa be maintained.

39. The momentum is built around three types of commitments: those initiatives that have been made to help advance the NEPAD agenda; the pledges made in the context of the outcomes of various recent international summits and conferences that respond to the specific needs of Africa; and those from ongoing international processes that are not aimed primarily at Africa but from which African countries would ultimately benefit. The past year has witnessed a promising start to delivery

on commitments. Even so, progress has been more marked on debt relief than on official development assistance and trade.

40. Several of Africa's development partners have taken a range of actions or new initiatives. The Government of the United Kingdom of Great Britain and Northern Ireland announced in June 2006 the establishment of an independent, high-level Africa Progress Panel to track aid promises made at the G-8 summit of 2005. The Government of the Republic of Korea announced in April 2006 the Initiative for Africa's Development, which commits the Government to tripling the overall amount of official development assistance by 2008, increasing opportunities to share its own development experiences with African nations and contributing to the development of human resources by extending support for basic and vocational education.

41. Moreover, the Government of Italy has cancelled the entire debt of seven African countries and partially cancelled the debt of 13 other countries. The Government of Sweden will, for the first time, dedicate one per cent of its gross national income to official development assistance this year, of which a substantial part already goes to its cooperation programme in Africa. Denmark's official development assistance amounted to 0.81 per cent of the gross national product in 2005, with a major part of its bilateral assistance earmarked to Africa. This amount will increase even further in the years to come. The United Kingdom has increased its official development assistance to Africa by 20 per cent between the fiscal years 04/05 and 05/06.

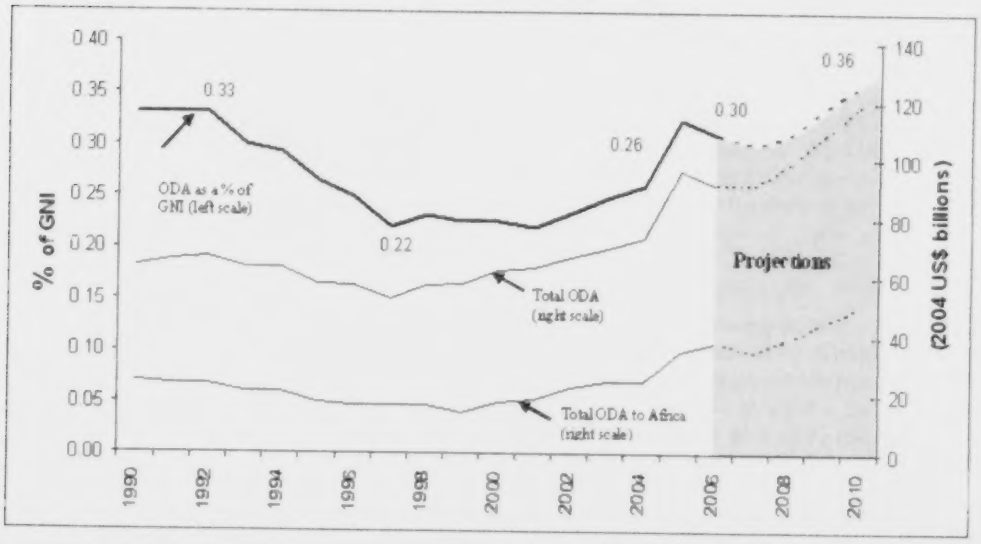
42. In terms of innovative financing mechanisms, the Government of France held a conference in February 2006 on financing for development to promote the International Finance Facility (IFF). During the conference, an initiative was proposed to fund the International Drug Purchasing Facility through an air ticket solidarity contribution. The Governments of the United Kingdom and France have agreed to establish a working group on the implementation of IFF funded by airline departure levies. The Government of Turkey decided in 2005 to establish a working relationship with NEPAD to help in the implementation of NEPAD projects. The Government of the Russian Federation, in addition to cancelling bilateral debt to African countries worth $11.3 billion in the past few years, is expected to cancel a further $700 million in bilateral debts in 2006. The European Union has established a fund for infrastructure projects in Africa that will have €60 million in grants from the European Commission and up to €260 million in loans from the European Investment Bank for water, electricity, communication and transport projects.

43. The Millennium Villages Project, which contributes to the implementation of the quick impact initiatives, is now operating in 10 African countries. Established with the help of the United Nations Development Programme (UNDP), the United Nations Millennium Project, the Earth Institute at Columbia University and the World Agroforestry Centre with financial support from the Government of Japan through the Trust Fund for Human Security, the Millennium Villages Project shows how modest financial resources can help reduce poverty in rural Africa through carefully targeted practical investments in agricultural productivity, health, education, basic infrastructure and improved environmental management. These areas of intervention are consistent with the main priorities of NEPAD.

## B. Official development assistance

44. In conformity with the commitments made at the International Conference on Financing for Development to allocate at least half of the increase in official development assistance to Africa by 2006, the G-8 countries increased their assistance to the continent by an estimated $6 billion during the period 2001 to 2004. Based on commitments made by the G-8 members and other Development Assistance Committee donors in 2005, total official development assistance can be expected to increase by some $50 billion per annum in real terms between 2004 and 2010, with the increase to Africa amounting to $25 billion per annum over the same period (see figure).

**Official development assistance, 1990-2010, by countries that are members of the Development Assistance Committee**




*Source*: Organization for Economic Cooperation and Development, Development Assistance Committee, 2006.

45. The trend of significant increases in official development assistance to Africa continued in 2004 and 2005. Much of the increase in 2005 was due in part to huge debt write-offs. One recent report has noted that the G-8 countries spent an extra $1.6 billion in Africa in 2005; and to be on track to meet the 2010 commitments, they must collectively increase official development assistance by $4 billion to Africa in 2006 and each year thereafter.[3] However, the amount of aid is not rising nearly fast enough in G-8 countries for these countries to be able to deliver on their pledges made at the Gleneagles G-8 summit in 2005.[4] Much of the observed increase continues to take the form of emergency aid, debt relief and technical assistance, which do not necessarily mean financial transfer to developing countries.[5]

46. Efforts to improve the quality of aid as reflected in the Paris Declaration on Aid Effectiveness of March 2005 are moving forward. The World Bank, for

example, has recently launched *Aid Effectiveness Review 2006*, coordinated with the 2006 Survey on Monitoring the Paris Declaration. The Review will cover 72 countries. Individual country profiles that form the backbone of this *Review* are posted on the World Bank website, including profiles of Burkina Faso, Ghana, Guinea, Mauritania, Senegal, Sierra Leone, the United Republic of Tanzania and Uganda.

## C. Debt relief

47. The last twelve months witnessed substantial progress in extending and deepening debt relief provision to African countries. It is widely acknowledged that debt relief is the one area in which the G-8 countries have kept their commitments.[6] Following the decision of the G-8 countries at the Gleneagles Summit to grant 100 per cent cancellation of the multilateral debt owed to the International Monetary Fund (IMF), the International Development Association and the African Development Fund by African countries that are participants in the Heavily Indebted Poor Countries (HIPC) Initiative, actions have been taken with respect to two initiatives: the Multilateral Debt Relief Initiative and bilateral debt initiative. Under the Multilateral Debt Relief Initiative, donor countries are committed to providing additional resources to the three international financial institutions to ensure that debt forgiveness does not erode their financial capacity. Under the Multilateral Debt Relief Initiative framework, debt relief is granted to heavily indebted poor countries that, since the completion point, have demonstrated satisfactory performance in three key areas: macroeconomic policy, implementation of a poverty reduction strategy and strengthening public expenditure management systems.

48. IMF approved a 100 per cent debt relief of about $2.6 billion for 14 African countries in December 2005 and about $225 million for Cameroon in May 2006, with a debt cut-off date set for the end of 2004 and an effective delivery of debt relief scheduled for 1 January 2006. Similarly, in May 2006, the World Bank approved its debt relief for an initial 13 African countries (and Cameroon) of about $22.2 billion with a debt cut-off date set for the end of 2003 and an effective delivery of debt relief scheduled for 1 July 2006.[7] Also, the African Development Fund's total debt relief of about $5.6 billion for 13 initial African heavily indebted poor countries and Cameroon became effective in April and May 2006, with a cut-off date of the end of 2004 and an implementation date of the beginning of 2006. Furthermore, under the Multilateral Debt Relief Initiative proposal, 10 other African countries expected to reach the HIPC Initiative completion point within 12 to 18 months would also become eligible for debt relief (see table).

**Beneficiaries of the Multilateral Debt Relief Initiative**

| | |
|---|---|
| 15 post-completion point countries | Benin, Burkina Faso, Cameroon, Ethiopia, Ghana, Madagascar, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, United Republic of Tanzania, Uganda and Zambia |
| 10 post-decision point countries | Burundi, Chad, Democratic Republic of the Congo, Gambia, Guinea, Guinea-Bissau, Malawi, Republic of the Congo, Sao Tome and Principe and Sierra Leone |
| 7 pre-decision point countries | Central African Republic, Comoros, Côte d'Ivoire, Togo, Somalia, Liberia and Sudan |
| One sunset clause country | Eritrea |

*Source*: African Development Bank, information paper on the Multilateral Debt Relief Initiative, entitled "African Development Fund implementation modalities", 2006.

49. Overall, substantial progress has been made in the implementation of the HIPC Initiative. As of June 2006, the existing HIPC Initiative delivered debt relief for 15 African countries: Benin, Burkina Faso, Cameroon, Ethiopia, Ghana, Madagascar, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, United Republic of Tanzania, Uganda and Zambia. Cameroon reached the completion point in April 2006 and the Republic of the Congo reached the decision point in March 2006. On the bilateral level, as a result of the Paris Club agreement signed in October 2005, Nigeria obtained a debt write-off of an estimated $18 billion, representing 60 per cent of Nigeria's eligible debt to the Paris Club creditors of around $30 billion, a settlement of arrears in the amount of $6.3 billion and an additional $6.1 billion in debt buyback. In June 2006, the Paris Club agreed to grant Cameroon debt relief of about $2.6 billion, amounting to 74 per cent of the claims on Cameroon.

50. Also, several G-8 creditors have continued their policy of granting debt cancellation of 100 per cent to selected African heavily indebted poor countries, going beyond the terms under the HIPC Initiative. In particular, in December 2005, Zambia received 100 per cent debt write-off from France, Japan and the United States of America of about $79 million, $692 million and $280 million, respectively. Furthermore, in January 2006, in compliance with the Gleneagles Summit agreement, Denmark cancelled about $576 million of debt for eight African countries: Angola, Republic of the Congo, Kenya, Liberia, Nigeria, Somalia, Sudan and Swaziland. In March 2006, Spain granted Senegal a debt write-off of around €65 million.

51. The Multilateral Debt Relief Initiative is expected to dramatically reduce debt burden indicators in African countries and provide additional financial resources to promote growth and human development objectives. However, the Initiative does

not include other multilateral institutions besides the African Development Bank, International Monetary Fund and the World Bank.

52. Moreover, the Multilateral Debt Relief Initiative does not envisage any bilateral or private debt relief. Servicing such debt, however, could prove onerous for African low-income countries, as terms attached to private commercial debts make them vulnerable to financial exogenous shocks, in particular, to an increase in the risk premium or exchange rate fluctuations. Therefore, in order to reap the full benefits of debt relief, African countries ought to strengthen their public expenditure management systems. They also need to manage post-relief borrowing to prevent the deterioration of their long-term debt sustainability.

## D. Trade

53. Despite some results at the Hong Kong ministerial trade talks, overall progress in the Doha round has been quite slow. At the talks held in Hong Kong, China, in December 2005, an agreement was reached to eliminate export subsidies on cotton in 2006 and end all forms of agricultural export subsidies by the end of 2013. However, export subsidies only represent a small share in the support given to agriculture in countries members of the Organization for Economic Cooperation and Development (OECD). Much of the support is in the form of trade-distorting domestic price support and agricultural tariffs.

54. In addition, developed countries pledged to grant duty- and quota-free market access to at least 97 per cent of products originating from least developed countries by 2008, with the exception of some 300 sensitive products (such as sugar and rice) that are of interest to African countries. This three percentage point difference could mean the exclusion of the entire range of exports of least developed countries, which are concentrated in certain items. Some progress was achieved with cotton: commitments were made to eliminate export subsidies in 2006 and African countries will have free access to the cotton markets in advanced countries. The United States of America recently approved the removal of export subsidies for cotton by August 2006. However, even though the European Union and the United States have promised a reduction of domestic subsidies for cotton, no specific dates have been set, implying that the African cotton producing nations, all of which are least developed countries, might not benefit from this commitment in the near future. It is hoped that, in spite of the indefinite suspension of the Doha round of trade negotiations, the commitments to the developing countries, in particular the least developed countries, will be preserved.

55. Last year witnessed several aid-for-trade commitments from developed countries, which aim to help developing countries expand their capacity to export. The United States of America has promised to double its aid-for-trade budget to developing countries to $2.7 billion a year by 2010. The European Union announced the plan by its member countries to increase their trade-related aid to developing countries to an annual €1 billion starting in 2010, more than doubling their current €400 million. This matches the €1 billion per year trade-related assistance starting from 2007 pledged by the European Commission in July 2005. The total European Union trade-related assistance will thus increase to €2 billion by 2010. Japan pledged to provide a trade-related aid package of $10 billion over the next three years.

## E. Foreign direct investment

56. In 2004, the year for which most updated data is available, foreign direct investment flows rose in 40 African countries, while 13 countries witnessed a decrease in these flows. Among the five subregions, North Africa attracted about one third of foreign direct investment in 2004, particularly in the oil and gas sector. While foreign direct investment flows increased in East and West Africa, they declined in Central and Southern Africa. Most of the increase in foreign direct investment to Africa was in the area of natural resource exploitation, spurred by rising commodity prices. While the top five recipient countries attracted over $8.5 billion, the top ten countries accounted for 70 per cent of foreign direct investment in 2004.

57. In an effort to attract more foreign direct investment, African countries have taken a number of foreign direct investment friendly measures and initiatives in 2004. Most of the measures were directed at liberalizing legal frameworks and improving the investment climate. These efforts included the simplification of investment procedures and fiscal regimes, the establishment of advisory councils for investors and the organization of investors' meetings and conferences. In addition, many African countries have scaled up their investment promotion efforts.

58. In support of regional drive to increase foreign direct investment, Africa's development partners launched in 2005 in the context of the NEPAD-OECD Africa Investment Initiative, the Investment Climate Facility (ICF). The facility, which is a public-private partnership, was formally established in June 2006 at the World Economic Forum on Africa, in Cape Town, South Africa. Expected to have a lifespan of seven years, ICF aims at improving Africa's investment environment and achieving the Millennium Development Goals by removing real and perceived impediments to doing business on the cor..inent. To this end, ICF will focus on supporting various Governments in creating legal, regulatory and administrative environments that encourage businesses to invest, grow and create jobs. One of its main goals is to improve Africa's image as an investment destination through a coordinated effort of publicizing improvements in the investment climate. In this respect, it was announced that ICF had successfully secured over $100 million in initial endowments. The Netherlands has pledged about $20 million over the next three years; Ireland has pledged to contribute $2.5 million, while the United Kingdom of Great Britain and Northern Ireland and the International Finance Corporation have committed $30 million each. Furthermore, Anglo American mining company, SABMiller and the Shell Corporation have pledged $2.5 million each and Unilever has committed $2 million.

## F. South-South cooperation

59. Several developing countries have continued to offer support to Africa. The fourth senior officials meeting of the Forum on China-Africa Cooperation, convened in Beijing in August 2005, conducted a mid-term evaluation of the implementation of the Addis-Ababa Action Plan for 2004-2006 adopted at the second ministerial conference of the Forum in December 2003. The meeting welcomed the commitment of the African countries and China to jointly work towards the attainment of the objectives and ideals of Africa's socio-economic rebirth as embodied by the NEPAD programme and agreed that the two sides have achieved

positive results in their cooperation in a number of areas, including economic development, trade, human resource training, education, public health and energy.

60. India has created a line of credit of $200 million for cooperation on NEPAD projects and has separately allocated $500 million, out of which agreements amounting to $282 million have been signed under the Techno-Economic Approach for Africa-India Movement, through which assistance is being offered to eight West African countries in projects including in urban transport, basic industries, power generation, infrastructure and information and communication technologies. The beneficiary countries are: Burkina Faso, Chad, Côte d'Ivoire, Equatorial Guinea, Ghana, Guinea-Bissau, Mali and Senegal.

61. Under the auspices of the Tokyo International Conference on African Development, an international conference on consolidating peace in post-conflict African countries was organized by Japan, the United Nations, UNDP, the Global Coalition for Africa and the World Bank in February 2006 in Addis Ababa. The conference brought together the experiences and lessons acquired in Africa and other regions and put forward recommendations for effective ways to promote peace consolidation in Africa.

## IV. Support by the United Nations system

62. The United Nations system can help in maintaining the momentum of international support for NEPAD by ensuring that Africa's development issues remain high on the international agenda. It can also provide practical support for the implementation of the programmes and projects of NEPAD. The report of the Secretary-General on the United Nations system support for the New Partnership for Africa's Development (E/AC.51/2006/6) has detailed the nature and scope of support offered by the United Nations system in the past year. In addition, it examined three policy issues concerning the United Nations system's contribution to the implementation of NEPAD, namely: innovative approaches developed by individual entities for the funding of programmes; advocacy and awareness-raising efforts on the implementation of NEPAD; and challenges and constraints faced by the United Nations system in supporting it. It concluded by offering proposals to improve coordination among agencies of the United Nations system and to strengthen collaboration in support of the programmes of NEPAD.

63. There is much recognition that a well-functioning system that aims to contribute to international support for Africa's development must address three interrelated issues: improving coordination of the United Nations system in support of NEPAD; enhancing collaboration between the entities of the United Nations system; and the African Union Commission including NEPAD programmes.

### A. Improving coordination of the United Nations system in support of NEPAD

64. The current mechanism for coordination in support of NEPAD is the regional consultation meetings of United Nations agencies working in Africa. The current arrangements for coordination within the United Nations system have many benefits. These include the fact that NEPAD serves as the organizing framework for

the work of entities of the United Nations system in Africa, provides a common vision for concerted action and offers opportunities for greater collaboration. Where agencies have been actively involved in developing sectoral programmes of NEPAD and where there has been much collaboration among the relevant agencies, there has been marked progress. This is true of the water, agriculture, infrastructure and environment sectors. Still, the functioning of the coordination mechanism organized around the regional consultations and thematic clusters needs to be improved, in particular through more frequent meetings that offer opportunities for sharing information and for developing joint programming.

### B. Enhancing collaboration between United Nations agencies and the African Union Commission

65. Both the African Union Commission and the entities of the United Nations system well appreciate the need for enhanced cooperation. A mechanism for consultation between the United Nations system and the African Union Commission should reflect the expanded and wide-ranging nature of such cooperation. Though the entities of the United Nations system remain deeply committed to supporting both the African Union Commission and the NEPAD secretariat, the lack of full integration of the latter into the African Union Commission has created several problems. It has prevented the United Nations system from providing coherent support to the African Union Commission and NEPAD programmes; led to the organization of separate activities and funding for African Union Commission and the NEPAD secretariat; and resulted in developing separate arrangements for assisting both entities. For example, some individual agencies have simultaneously signed a memorandum of understanding with the African Union Commission and a letter of understanding, or analogous instrument, with the NEPAD secretariat. At the same time, a mechanism for consultation between the United Nations system and the African Union Commission should also reflect the expanded and wide-ranging nature of such cooperation.

## V. Conclusions and recommendations

66. **The past year has witnessed a shared determination by Africa and its development partners to advance Africa's development by making progress on agreed programmes and commitments. Nonetheless, the momentum of international support for Africa is not yet strong enough to be irreversible, and there are a number of areas in which policy measures and practical actions must be taken to strengthen the impetus for the implementation of NEPAD.**

67. **African Governments need to take measures to address a range of institutional and partnership issues, including integrating NEPAD into African Union structures and processes, providing greater support for the private sector and promoting more outreach to civil society.**

68. **Pledges and commitments made to Africa should be delivered in a timely manner and at a much faster pace. In particular, G-8 countries' official development assistance to Africa needs to rise fast enough to deliver on their pledges. The encouraging progress on debt write-off should now be matched by corresponding effort to meet the desired annual level of official development**

**assistance with a view to achieving the long-term targets for Africa. Equally, as the official development assistance flows to Africa increases, there will be a greater need to simplify the complex administrative and reporting procedures to minimize delays in the release of resources for approved programmes.**

69. **The diversification of Africa's economic and export structures has long been recognized as essential to the sustained growth and accelerated development of the region. The need for diversification has become all the more important given the growing evidence that faster overall economic growth driven by trade is associated with more dynamic export structures.[8] International support for Africa's diversification efforts must now be accorded very high priority. This will entail helping African countries to develop programmes to process their primary commodities; to build trade-related infrastructure and institutions; and to improve the quality of their exports. Aid for trade measures must complement and not substitute for efforts to improve market access for African exports and to strengthen Africa's participation in world trade.**

70. **The United Nations system can contribute to regional and international efforts on Africa's development by improving the coordination of its work in support of NEPAD and by enhancing collaboration between the entities of the United Nations system and the African Union Commission, including its NEPAD programme. Given that NEPAD is a programme of the African Union Commission, it will be useful for the United Nations system to develop an integrated and coherent framework for supporting the African Union and its NEPAD programme.[9]**

*Notes*

[1] See the basic document of the New Partnership for Africa's Development, 2001, p. 1.

[2] The figures on resources mobilized for the Consortium are from "A Year after Gleneagles", statement by the Prime Minister of the United Kingdom of Great Britain and Northern Ireland, available at http://www.number10.gov.uk.

[3] See "Keep the G8 Promise to Africa — the data report 2006", Executive Summary, p. 9, available at http://www.thedatareport.org/.

[4] See Oxfam Briefing Note, "The view from the summit — Gleneagles G8 one year on", 9 June 2006, available at: http://www.oxfam.org.uk/what_we_do/issues/debt_aid/downloads/g8-gleneagles-one year.PDF.

[5] See http://www.oecd.org/documentprint/0,2744,en_2649_201185_35317145_1_1_1_1,00.html, p.1.

[6] See for example the assessment in "the data report" as well as *Gleneagles Final Compliance Report*, July 8, 2005 to June 1, 2006, by the G8 Research Group at the University of Toronto, available at http://www.g8.utoronto.ca.

[7] At the time of this report, the African Development Fund and the World Bank have not yet granted debt relief under the Multilateral Debt Relief Initiative for Mauritania.

[8] United Nations Department of Economic and Social Affairs, *World Economic and Social Survey 2006: Diverging Growth and Development* (Sales No. 06.II.C.1), p. ix.

[9] See also African Union draft decision 14 VII of 2 July 2006.